

AMERICANS FOR PROSPERITY
M I C H I G A N

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Chairman Kenneth B. Horn
The Michigan House Energy & Technology Committee
Anderson House Office Building, Room 519
124 North Capitol Avenue
Lansing, MI 48909

End hidden tax to support LIEEF program

By Annie Patnaude

Introduction

Chairman Horn, Vice Chairman Shirkey, and distinguished Members of the House Energy and Technology Committee. Thank you for the opportunity to testify on behalf of Americans for Prosperity-Michigan in support of House Bill 5190.

As you may know, Americans for Prosperity-Michigan is a statewide organization of more than 67,000 activists who are committed to strengthening our constitutional government, establishing fiscal restraint, and giving taxpayers greater control over government.

I hope you will find these comments on House Bill 5190 helpful during your deliberations.

Hidden tax no way to fund LIEEF program

Our position today is very simple. We urge you to support House Bill 5190. By doing so you have the opportunity to end a hidden tax currently assessed on Michigan families and businesses as part of their utility bills.

Specifically, we applaud the provisions of this bill that prohibit the collection of funds for the Low-Income and Energy Efficiency Fund (LIEEF) from consumers as part of their utility bills. We are also excited that this legislation requires the Public Service Commission (PSC) to refund all money being held in escrow for the LIEEF to the customers from whom it was collected.

We understand that companion legislation introduced by Rep. Amanda Price (House Bill 5189) would provide stopgap funding for the low-income heating assistance portion of the LIEEF program through the use of surplus federal Temporary Assistance for Needy Families dollars. If both bills are approved, it will allow lawmakers to take this issue up next spring in a thoughtful and deliberative manner. This will force a full and fair debate that is free of perceived cold-weather political exigency.

Other proposals unacceptable

Proposals to reauthorize the PSC to collect this hidden tax on electric ratepayers or to create a new type of tax on utility rates for low-income energy assistance are unacceptable solutions in our view. Both would establish the dangerous precedent of using a hidden tax on utility consumers to fund low-income heating assistance.

In contrast, House Bill 5190 would protect our families and businesses from onerous, hidden taxation. It also encourages us to prioritize spending—something households across Michigan must do each and every day.

Michigan electric rates already high

Michigan electric rates are already far higher than all surrounding states. Michigan families and businesses paid 14.5 percent more than the regional average for electricity, according to May 2011 data released by the U.S. Energy Information Agency.

This harms families, drags down our economy, and negatively impacts the ability of Michigan businesses to create new jobs. Michigan families face the highest rates in the Midwest, paying 9.6 percent more than the regional average, and 10.1 percent more than the national average.

Industrial customers suffer even more, with Michigan factories paying 19.6 percent more than the regional average and a full 25 percent more than our key competitor of Indiana. It is no wonder that in a recent survey conducted by the Michigan Manufacturers Association, business owners cited energy costs as the third-largest cost impact on operational performance for 2011.

While there are many factors that influence electric rates, ending the hidden tax collected by the PSC can help to immediately lower them. Last year, the LIEEF cost ratepayers an estimated \$85 million. Furthermore, requiring the PSC to refund the \$40 million in escrow will provide immediate relief for overburdened utility ratepayers.

Conclusion

In conclusion, on behalf of our more than 67,000 activists, Americans for Prosperity-Michigan urges you to support House Bill 5190. By doing so you will be taking a stand against hidden taxes on Michigan's already "overtaxed" energy consumers.